

July 25, 2003



Chairman Michael K. Powell  
Commissioner Kathleen Abernathy  
Commissioner Kevin J. Martin  
Commissioner Michael Copps  
Commissioner Jonathan S. Adelstein

***Written Ex Parte Presentation***

Docket 02-235  
Univision/HBC

Dear Mr. Chairman and Commissioners:

This letter is submitted in supplementation of a point made in oral *ex parte* presentations to Commissioner Martin and Susan Eid, Legal Advisor to the Chairman. In those meetings, I discussed the practical difficulties facing new entrants seeking to serve Spanish language citizens.

As SBS has shown in its recent submissions, Spanish language audiences are particularly loathe to change listening habits. Hispanic/Latino Americans place great reliance on relationships, and do not lightly forsake those they have befriended, or those with whom they have done past business.

As I mentioned in my *ex parte* meetings, Univision's business practices exploit those attributes by making it very difficult for competitors to hire Univision's TV personalities or obtain "marquee" programming. These observations are further confirmed by the attached article in today's *Wall Street Journal*. The article gives undisputed examples of the ways in which Univision keeps its "talent" off of the programming carried by competitors, and discusses these practices as being in sharp contrast to the practices of English language programming.

There is every reason to believe that Univision will employ the same practices in the radio industry should the Commission approve proposed HBC acquisition. The Commission should not overlook this evidence.

Respectfully submitted,

Andrew Jay Schwartzman  
President and CEO

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Univision Keeps A Short Leash On Its Stars  
By Eduardo Porter

UNIVISION TALK SHOW host Charytin Goyco was supposed to be among the anointed lovelies at People en Espanol magazine's "25 Latino Beauties" bash in New York in May. But Ms. Goyco refused to tape an interview for the awards and didn't even show up. None of the winners from Univision's TV shows were there. That's because the event was broadcast on rival Spanish-language network Telemundo. "It's Univision's system that we shouldn't attend things that happen on the other channels," says Ms. Goyco, who notes that she also had a scheduling conflict that day.

Univision Communications Inc. has come to expect such loyalty. The Hispanic media giant's stars rarely appear on shows airing on Telemundo, a unit of General Electric Co.'s NBC, nor do they give Telemundo interviews. On Univision's shows, Telemundo acts are almost never mentioned.

This is different from practices of English-language TV, where networks often gain publicity for their stars on their rivals' airtime and promotional crossovers are commonplace: Jennifer Aniston of NBC's "Friends" has been a guest on CBS's "Late Show with David Letterman." ABC news anchor Peter Jennings has appeared on Jay

Leno's show on NBC.

One reason for the difference: The playing field in Spanish TV isn't as level. Univision's two TV networks command some 85% of the Spanish-language television audience in the U.S., and the Los Angeles company also owns the top Latino record labels and the leading Spanish-language Internet portal.

As Univision waits for Federal Communications Commission approval of its \$3 billion takeover of Hispanic Broadcasting Corp., the U.S.'s biggest Spanish-language radio group, critics say its tactics call into question whether competition will be possible in the U.S. Spanish-language media market when the biggest player has such control over its performers.

"Through its dominant position in television, music and Internet it is difficult for talent not affiliated with Univision to obtain the necessary exposure to compete," said Alan Sokol, Telemundo's former chief operating officer, in a statement to the FCC this month. "With the addition of HBC, Univision would become a nearly complete gatekeeper to the Spanish-language audience." Even artists who work for Univision fear the impact of the pending merger, says Maria Celeste Arraras, a former Univision anchor who defected to Telemundo last year. "They know that one day they might be on the other side of the fence looking at this giant," she says.

Univision argues that NBC, parent of Hialeah, Fla.-based Telemundo, can hardly be considered a small and helpless competitor. In addition, Univision President Ray Rodriguez denies there is an outright policy to bar its stars from appearing on Telemundo -- though a ban on appearing on rival networks is part of some of its performers' contracts -- or to keep Telemundo talent off its own shows. Indeed, Univision recording artists have performed at Telemundo's events, Mr. Rodriguez says, including the People en Espanol party.

Regarding TV talent, he says, Univision is just like other networks: It will grant permission for its celebrities to do stints elsewhere when the actor and the network deem the appearance is worth it from a promotional standpoint. However, he adds, "Most of the time, appearing on Telemundo is not worth it."

Telemundo executives say that to interview Univision stars they nearly have to ambush them on the street.

Last year, a Telemundo reporter approached Colombian actress Sofia Vergara for an interview while she was shooting "Chasing Papi," an English-language movie distributed by News Corp.'s Twentieth Century Fox unit. Ms. Vergara, who was under contract with Univision, literally recoiled at the sight of the Telemundo logo on the microphone. She finally acceded to an interview, but only in English for NBC and only after the logo was removed. (Telemundo later ran the clip with commentary in Spanish).

Ms. Vergara says she is no longer barred by contract from granting interviews to

Telemundo. However, she asks, "Why get in trouble if Univision is No. 1 anyway?"

Sometimes, Univision producers will directly lay down the law. When the producer of one Univision program got wind of the People en Espanol gala, he sent a memo to his show's hosts stating that "you cannot attend." When Univision launched its Internet portal three years ago, the head of news at the time e-mailed the network's anchors to tell them "do not do any interviews with other Internet companies."

But many artists already know the rules. Earlier this year, members of top Mexican band Los Tigres del Norte, who are signed to a Univision label, were giving the runaround to a Telemundo camera crew at an awards show. At one point, bass player Hernan Hernandez turned to the reporter and explained: "That's the way the companies are. . . . Sometimes we are caught between a rock and a hard place."

Much of Univision's combative spirit is imported from Mexico along with the blockbuster programs Univision procures from its partner, Grupo Televisa SA. Televisa, the founder of Univision's predecessor and Univision's second-largest shareholder, owns that country's main TV networks, radio stations, magazines and many other media properties. It treats its talent with a protectiveness reminiscent of the U.S. movie-studio system of the 1930s.

Televisa's soap-opera stars are Univision's soap-opera stars. They also tend to spurn appearances on Telemundo. "Nothing for Telemundo, shorty," said Televisa hunk Fernando Colunga when he was approached by a Telemundo reporter at an event in Mexico recently.